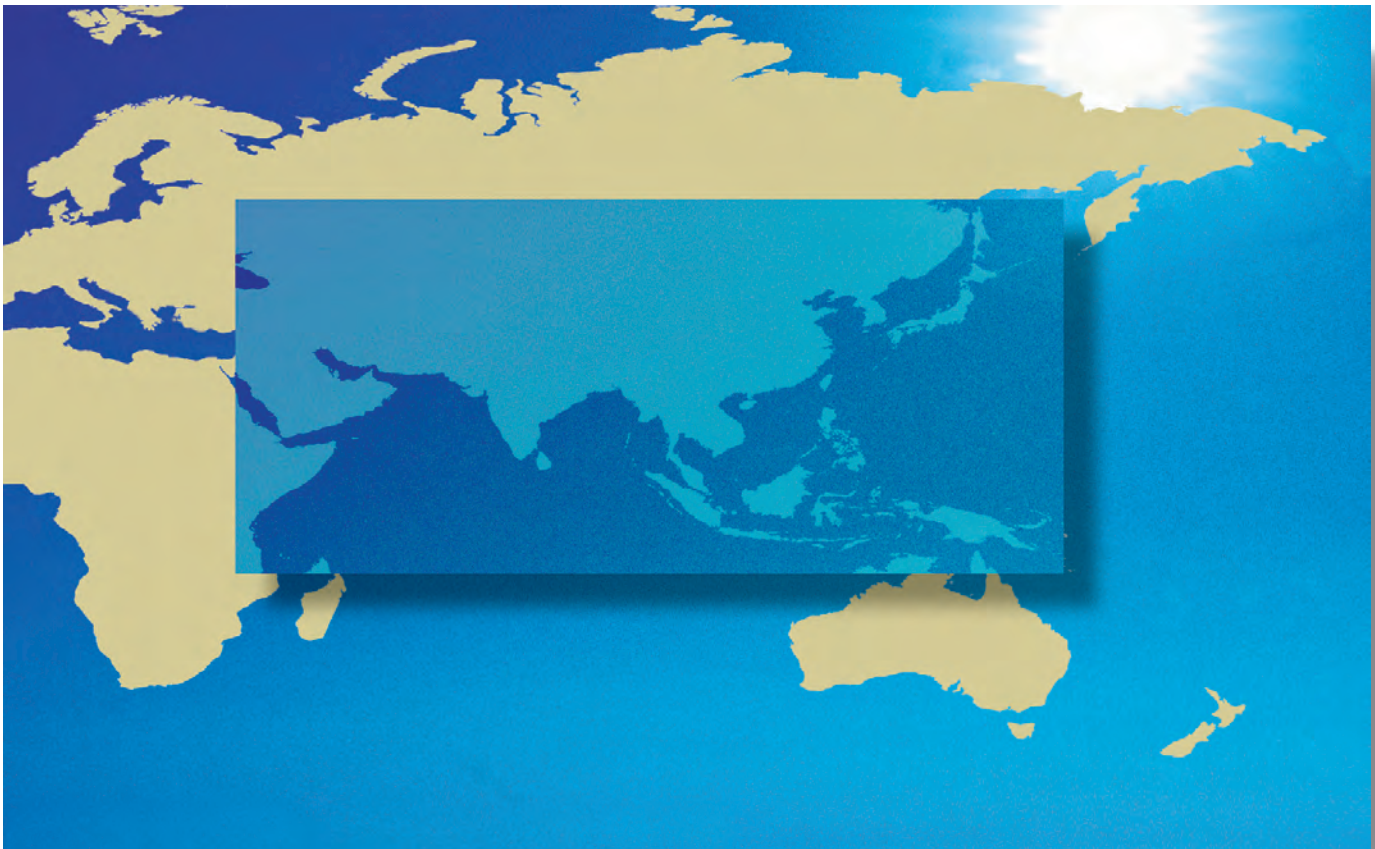


OPRF MARINT Monthly Report

July 2005



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This monthly report is edited/ summarized by publisher and staff writers based on published news resources.

Each resource is referenced with bracket below each title and is displayed as link USL on the last page of this report.

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Introduction

There were frequent clashes between security forces and terror groups such as Abu Sayyaf Group, Jemaah Islamiyah and Liberation Tigers Tamil Eelam this month (July 2005). Naval exercises against terrorists have been carried out among involved countries as there are growing concerns of maritime terrorism. Terrorists in South or Southeast Asia regions have a tendency in conducting their operations at sea. The Malacca Straits was declared as a war-risk area by the Lloyd's and London insurance market Joint War Committee this month. The worst case maritime-terrorism scenario is terrorists could use the LNG tanker as floating bomb, which could hold the force of an explosion as much as a small nuclear weapon. As for the ferry accident occurred on July 7, officials have not ruled out the possibility the vessel was attacked by terrorists yet. Meanwhile, South and East Asian navies have beefed up their troops in a sustained way. This month's naval-movements in each country are as follows:

The South Korean navy launched its new 13,000-ton large-deck landing ship. Taiwan went into production of its Hsiung Feng II-E cruise missile having a range of 600km. Pakistan and China announced to launch a joint project to build new F22-P frigates. Singapore navy also launched its fourth Formidable-class frigate. Indonesia is planning to increase its fleets. Russia announced that it will deploy new nuclear submarines to Far East. For the time being, we have to keep eyes on the moves of increase in military forces in East and South Asia region together with China's noticeable military expansion.

Amid growing concerns over the strengthening of Chinese military power, The US government released annual report on Chinese military power on July 19. The report states that in the back ground of the reinforcement of China's power is the Taiwan- Straits issue in addition to energy-route securing issue. And from these points of view, the US is highly cautious about the influence of Chinese power on security environment not only regionally, but on a global scare. Likewise, in Japan, "Defense of Japan 2005 White Paper" was approved in a Cabinet meeting on August 2. This also states Japan's vigilance against the significant build-up of Chinese military forces. In the chapter 2 of this report, "The Intelligence Assessment", we analyze the influence of above-mentioned Chinese military strength – especially its sea-air power – on Sino-US relationship, Japanese sea lanes, and strategic diplomacy among the US, India and China. Also we take up some other remarkable issues of this month such as Indian Naval vessel's good will visit to the littoral states in Southeast Asia, and China's Indian Ocean advance.

1. Intelligence Bulletin

1.1 Terror/Piracy and Security

July 4 "The Philippines resume peace talks with separatist rebels" (Taipei Times)

Moro Islamic Liberation Front spokesman announced on July 4 that the Philippines government and Muslim separatist rebels will embark on resumption of peace talks this month (July 2005). Eid Kabalu said the talks will resume July 25-26 in Malaysia and will aim at resolving the issues of governance before formal negotiations begin.

July 6 "US raises estimate of 2004 terror attack" (New Zealand Herald)

The US's National Counterterrorism Centre (NCTC) announced it has considerably raised its official 2004 estimate of terror attacks from 650 to 3192, which results in about five times as high as the estimated incidents. It adopts a new definition of terrorism which includes both international and domestic attacks including all injuries and property damages.

July 7 "Philippines ferry catches fire, 200 rescued" (Khaleej Times)

All passengers – more than 200 people – were rescued from a blazing ferry off the southern Philippines on July 7. Princess of the World, the 10,709-ton-ferry was heading into the southern-port city of Zamboanga from Manila when it caught fire. The cause of the fire is not yet known.

July 11 "Indonesia succeed peace talks with Aceh separatist" (Xinhua)

Radio Sweden reported on July 11 the leader of the Aceh separatist rebel has accepted the Indonesian Government's proposal that the hardest hit region in the December 26 2004 tsunami disaster should remain a part of Indonesia. Both sides held discussions in Sweden over the weekend (July 9 -11), followed by in Helsinki, Finland.

July 12 "Philippines forces and Abu Sayyaf clash in South" (Xinhua)

A US-trained Philippine army has been fighting against Abu Sayyaf group and Jemaah Islamiyah (JI) rebel members in southern Philippines since July11, said the officials on Tuesday. The Philippines military has engaged in fighting with Khadaffy Janjalani, one of five Abu Sayyaf leaders.

July 12 "Indonesia launches three-month operation in the Malacca Straits" (Forbes)

Indonesia has begun a three-month operation to eradicate piracy in the Malacca Straits, according to a military statement. The operation also known as Octopus, will consist of motor boats, helicopters, frogmen, infantry battalions, intelligence units and amphibious scouts.

July 13 "Tsunami relief camp was attacked in Sri Lanka" (BBC News)

According to reports, suspected Tamil Tiger rebels attacked a tsunami relief camp in eastern Sri Lanka, wounding at least five people. Police say the rebels threw a bomb at a security unit in the camp site of Muttur. Tamil Tiger is believed to have been involved in the attack.

July 13 "Thailand approves US\$66.3 million to combat terrorism in South" (Channel News Asia)

Thai government announced it will buy seven US-made attack helicopters and some small weapons to combat terrorism in the south of Thailand. A special budget of 2.8 billion baht (US\$66.3 million) has been approved by Thai cabinet to buy weapons. More than 800 people have been killed and 1,200 wounded since the outbreak of the battle in January 2004.

July 13 "Philippine troops to be deployed in South to fight Abu Sayyaf" (Xinhua)

A US-trained unit would be deployed to the guerrilla-plagued central Mindanao in southern Philippines to help combating with Abu Sayyaf rebels, the Philippine military announced on July 13.

July 13 "Indonesia Govt, GAM hold peace talks" (The Jakarta Post)

Indonesian authorities and members of the Free Aceh Movement (GAM) held a fifth round peace talks in Helsinki, Sweden on July 12. So far, mutual concessions are being made by both sides.

July 13 "Australian Police unveil sonar system to counter terrorism" (ABC News)

Australian police gave a demonstration of an underwater sonar system which enables them to detect terrorist threats immediately in Sydney Harbour. The system gives off acoustic signals to detect objects around the harbour and checks the images against an existing database.

July 15 "Sri Lanka Court suspends tsunami deal with Tamil Tiger" (BBC News)

Sri Lanka's Supreme Court has suspended a signed post-tsunami aid-sharing pact with Tamil Tiger insurgents on grounds that the rebel group couldn't ensure that its offices would be available to everyone who has been suffered from the tsunami attack.

July 18 "Russia launches counterterrorism exercise in Far East" (Xinhua)

According to the Russian ITAR-TASS news agency report, Russia launched a grand-scale antiterrorist drill in the Russian Far East on July 18. More than 5,000 personnel have engaged in this exercise which is dubbed as Vostok 2005.

July 18 "Singapore plans to measures against terrorist attacks" (Xinhua)

Singapore's government said bomb-sniffing dog units will be deployed at subway stations and closed-circuit televisions (CCTVs) will be installed at bus stops to help detect suspicious situations or items. These measures are in response to the London bombing occurred on July 7.

July 19 "US to install equipment at Manila port to detect nuclear" (Space War)

The US government announced on July 19 that it will install special equipment at Manila port aiming at detecting shipments of nuclear and other radioactive materials. The US and the Philippines signed an agreement on the same date.

July 19 "Pirate attacks decrease by 30 percent in first half of 2005" (Jakarta Post)

The International Maritime Bureau announced that during the first half of this year piracy decreased by 30 percent from the same time of last year. However, in spite of the fact that the total number has dropped from 182 to 127 since last year, Somalia and Indonesia remain highly dangerous areas. Especially Indonesia is still the most dangerous area with 42 attacks so far.

July 21 "GAM combat continues in Aceh: 10 were killed" (Sydney Morning Herald)

Despite peace efforts between GAM and Indonesian government, fighting has continued in Aceh and at least 10 people were killed by a clash on July 18. Both sides will sign a peace agreement on August 15. There is growing concern among related parties this incident could have adverse effect on the forthcoming peace talks.

July 27 "South Korea signs Southeast Asian anti-terrorism pact" (The News International)

South Korea signed a declaration of cooperation to combat terrorism with Southeast Asian nations. Other members of the agreement are Australia, China, the European Union, India, Japan, Russia and the United States. New Zealand and Pakistan are also expected to sign it, as well.

1.2 Military and Security

July 3 "Indian Navy faces submarine killer torpedoes shortage" (Hindustan Times)

According to Indian Defense Ministry, its navy confronts a serious anti-submarine torpedoes' shortage. The Indian navy asked the government for falling back on western manufactures to make torpedoes loading into vessels or submarines.

July 4 "S. Korea plans to launch landing ship" (Sankei Shimbun)

South Korea is scheduled to launch its 13,000-ton landing ship July 11. The vessel is the first of two planned to develop and it will enable its Navy to carry 700 troops, 10 helicopters, seven amphibious vehicles and six tanks.

July 5 "US reviews two-war strategy against terrorism" (Khaleej Times)

According to the news reports, the US has revealed its doubt about a two-war strategy. The

Pentagon's Quadrennial Defense Review states that top commanders have been aware of the fact that ongoing military operations in Afghanistan and Iraq would affect the US's capability to handle any other conflicts which might possibly happen elsewhere. Prolonged conflict in Iraq, although it is not a full-scale conventional warfare, would make it difficult for the US to prepare for the full-fledged war in other potential regions, such as China, North Korea, or Iran.

July 5 "India not to accept missile defense shield" (Xinhua)

India's Defence Minister Pranab Mukherjee said on July 4 that India is developing its own defensive system against threats of ballistic missiles and it would not accept a missile defense shield from any countries including the US. The Minister, however, also said it is necessary for India to acquire technologies from other countries to promote its indigenous missile defense program.

July 5 "Taiwan to begin Hsiung Feng II-E missiles production" (Taipei Times)

Taiwan will launch the production of its cruise missile this month (July 2005), according to news reports in Taiwan. The missile will have a range of 600km and will have a capability of being launched from land, sea or air.

July 5 "China and Pakistan launch production of F22-P frigates" (The Dawn)

A joint project by Pakistan and China to build F22-P frigates was launched on July 4. This project will be carried out under an ongoing cooperation defense agreement between two countries.

July 6 "China and Russia to hold joint military exercises" (Defence Talk)

China's Global Times reports that China and Russia are scheduled to hold joint exercises in August in the Yellow Sea. Military and naval forces from both sides will participate in the exercises.

July 7 "Taiwan starts military exercise" (Washington Times)

The Taiwan military started conducting one-week exercise on July 7 for the purpose of bolstering homeland security. The exercise is a part of Taiwan's annual maneuvers. About 6,000 soldiers involve simulations which blocked foreign troops from approaching towns and cities on the island.

July 7 "Korean reports Japan increased surveillance Near Dokdo" (The Korea Times)

South Korea's The Korea Times reported that Japan has beefed up its patrols near Dokdo or Takeshima Island. According to South Korean officials, the number of times Japanese patrol vessels have appeared near the disputed islets is more than twice as high as that of last year.

July 11 "Indian missile frigate commissioned" (Hindustan Times)

India's third Bramaputra class missile frigate was commissioned on July 11. It can carry a load of

3,600 tons and is loaded with 16 surface-to-surface missiles with 120 km range. The 85 percent of the ships are domestically produced, according to the reports.

July 11 "Pakistan Navy appoints new Chief of Staff" (The Dawn)

Vice Admiral Haroon, having served as Commander Pakistan Fleet and Commander Karachi, was appointed to Chief of Staff (CoS) of Pakistan Navy on July 11.

July 13 "China plans to restructure military" (Xinhua)

The Chinese military is planning to reorganize its structure by increasing battle units and decreasing old-fashioned ones aiming at enhancing its combat effectiveness, according to the report of China's Liberation Army daily. It will add the number of land army corps and brigades while will cut the number of divisions and the command levels of the air force and the navy. As well, a three-level command system (corps, brigadier and battalion levels) will be adopted. In addition, some grassroots posts formally held by officers will be taken over to skilled soldiers or non-civil servants.

July 14 "US forces to update Unmanned Spy Planes" (Chosun Ilbo)

The U.S. Forces in South Korea will upgrade its unmanned planes to the late-model "Hunter" Unmanned Aerial Vehicles (UAV), which is capable of 12 hours flights and a range of 125 km.

July 15 "Singapore Navy frigate RSS Tenacious launches" (Channel News Asia)

The Singapore Navy's new frigate, the RSS Tenacious was launched on Friday. RSS Tenacious is the fourth Formidable-class frigate in Singapore and is produced domestically.

July 15 "Japanese SDF setting up an integrated joint staff office" (Asahi Shimbun)

A resolution setting up joint staff office of Ground, Maritime and Air Self Defense Forces is to be passed soon, according to Japanese Defense Agency. The new bill, focusing on managing air, sea and ground forces in an integrated manner, will be adopted around March, 2006.

July 18 "US granted licens of PAC-3 Missiles production to Japan" (Space War)

The US has concluded an agreement with Japan on allowing Japan's licensed production of the Patriot Advanced Capability 3 (PAC-3) interceptor missiles. Under this agreement, Japan is to buy missiles from Lockheed Martin for the first two years and thereafter will license Mitsubishi to produce them. The Mitsui-produced version is to be launched from March 2009.

July 19 "Hovercraft and Military Assault Boats inducted by Pakistan " (The Dawn)

Pakistan commissioned three Hovercraft and three Military Assault boats to allow Pakistan Navy to operate reconnaissance mission and patrols of the Sir Creek area.

July 20 "US reports China's increasing military forces" (BBC News)

The US Defense Department published an annual report of the increasing military power of China on July 19. The annual report says clearly about China's regional threat of not only its military power, but its expansionism including growing economy power. Chinese side protested the US's claim vehemently, and called over the US diplomat stationed in Beijing to Foreign Ministry. "What the US claim is absolutely groundless and it is even an intervention in domestic affairs," the officials insisted.

July 20 "Singapore, Indonesian navies conduct mine-countermeasure exercise" (Channel News Asia)

Navies of Singapore and Indonesian have conducted a five-day mine-countermeasure operation since July 18. Respectively, two mine sweepers from both sides are joining the operation off Pulau Bintan, Indonesia, and the Singapore Strait.

July 21 "China stole US's new destroyers feature Aegis tech" (World Tribune)

China displayed its new guided missile destroyers last week. However, the US officials claim China stole the technology for the Aegis battle management system by setting up a company in the US as a subcontractor for the Aegis system manufacturer.

July 22 "Japanese Parliament passes legislation giving defense chief power to shoot down missiles" (Khaleej Times)

Parliament of Japan passed legislation allowing defense chief members to authorize to shoot down incoming missiles to Japan. According to the legislation, in case of emergency, if there are any obvious signs of threat for attack from foreign countries, Director-General, Japan's Defense Agency may authorize commanders to intercept missiles with obtaining permission from Prime Minister, while if there are less obvious signs, commanders may in charge of launching shooting down missiles in accordance with "guidelines of handling emergency".

July 26 "India conducted surface-to-air missile test" (Khaleej Times)

India test-fired its surface-to-air Trishul missile in the eastern state of Orissa on July 26.

July 28 "Indonesia plans to reorganize naval fleet" (ABC News)

Indonesia is planning to set up its third naval fleet which will be based in the eastern-most province of Papua. The western fleet presently based in Jakarta will move to the central province of Riau, while the current Surabaya-stationed eastern fleet will be replaced by a central fleet in Makassar on Sulawesi island.

July 29 "Russia to equip new fleet in Far East" (Xinhua)

Russian Defense Minister Sergei Ivanov said Russia is planning to equip its Pacific fleet with a new generation of multi-functional missile nuclear submarine in the Russian Far East. He also

announced that Iuri Dolgorygiy – Russia's new-generation strategic nuclear submarine – is currently under construction and will be launched in 2006.

1.3 Diplomacy, International Relations and Security Cooperation

July 4 "Chinese and Thai held 4th security consultation" (Xinhua)

Deputy chief of General Staff of the Chinese People's Liberation Army (PLA), Xiong Guangkai and permanent secretary for defense of Thailand, Oud Buangbon held talk in Beijing on July 4. The two sides exchanged views on international and regional security situation, defense policy and defense cooperation between two countries, and other matters of common interests.

July 5 "SCO calls for US to withdraw from Central Asia" (THE GLOBE AND MAIL)

The Shanghai Cooperation Organization (SCO) has called for the US and coalition members involving in Afghanistan operation to set a date for withdrawing their troops from Central Asia countries. Both Uzbekistan and Kyrgyzstan, members of the SCO, have US bases whose troops have been involved in Afghanistan and there is the growing concern among central Asian alliance over US presence in the region.

July 12 "Singapore and US agree to enhance cooperation" (US Department of Defense)

The US and Singapore signed a Strategic Framework Agreement on July 11 to strengthen bilateral relationship. The agreement emphasizes that the US and Singapore are vital security cooperation partners for each other. They will focus on expanding cooperation of anti-terror and nonproliferation measures together with promoting joint military exercises and security dialogues.

July 12 "Pakistan and China to conduct joint naval drills" (Khaleej Times)

Pakistani and Chinese navies will hold joint exercises next year to bolster naval tactics, cooperative strategies and antiterrorism measures. The drill will be held in Pakistani waters.

July 14 "US to help train Indonesian police" (The Jakarta Post)

The US and Indonesia will start joint-training. The members of the US Department of Justice are expected to train Indonesian police officers. About 100 officers will be involved in the first phase. In the second phase, another 1,000 will be trained and eventually will be deployed to Aceh-province.

July 14 "Indian aircraft carrier to visit Littoral States" (The Jakarta Post)

The Indian aircraft carrier, INS Viraat will conduct goodwill visits to the littoral three

states—Singapore, Malaysia, and Indonesia—from July 18. Two guided missile destroyers, a missile corvette and a replenishment vessel will accompany INS Viraat during its tour.

July 15 "Indian Navy to hold exercises with US and French" (Defence India)

The Indian Navy will hold joint exercises each with the US, French and Russian navies for the next three months. This month (July), the Navy is participating in anti-piracy exercises with ASEAN nations in the Indian Ocean. INS Viraat – Indian Navy's aircraft carrier, Shishumar-class submarines and Delhi-class destroyers will launch a joint training with US carriers on September, followed by the maneuvers with Russian warship frigates in the Bay of Bengal as a second phase of a series of exercises. The joint naval exercise with French naval ships is also to be held at the Horn of Africa on November.

July 15 "Top Chinese general threatens US to attack" (Financial Times)

Zhu Chenghu, a Chinese general in the People's Liberation Army, told at a news conference with foreign journalists on July 15 that Beijing could use nuclear arms if the US would ever attacks the Chinese territory's target zone (including Chinese aircraft and vessels) with missiles and ammunitions. His remarks did not represent Chinese policy officially, but his personal views. General Zhu's comment on using the nuclear arms as a preemptive action is the first of its kind by Chinese high-ranked officers.

July 20 "US and India agree to bolster strategic relations" (Daily Yomiuri)

The US president George W. Bush said in a press briefing after his meeting with Indian Prime Minister Manmohan Singh that both sides agreed on strengthening strategic partnership relations.

July 21 "Indonesian President plans to visit China" (Xinhua)

Indonesian President Susilo Bambang Yudhoyono is scheduled to visit China from July 27 to 30. This visit will focus on discussion about economic and trade matters.

July 25 "North Korean ship carrying arms is heading for India" (Khaleej Times)

According to the Indian custom officials, they are calling for vigilance against North Korean ship laden with arms and ammunitions which is heading towards the western states of Maharashtra or Gujarat.

July 26 "China and US plans to hold first strategic dialogue in Beijing" (Xinhua)

China and the US will hold first China-US strategic dialogue in Beijing on August 1. Chinese Vice Foreign Minister Dai Bingguo and US Deputy Secretary of State Robert Zoellick will exchange views on bilateral ties and other common interest issues.

July 26 "Six nations to launch joint military exercise in Australia" (Khaleej Times)

A joint maritime exercise from six countries – Australia, New Zealand, Singapore, Malaysia, Papua New Guinea and Indonesia – began on July 25 in waters off northern Australia. More than 1,700 military personnel are taking part in the exercise. The maneuver, dubbed as “Kakadu” is to be continued until August 12.

July 27 "Chinese Foreign Minister conducts one-day visit to Myanmar" (Xinhua)

Chinese Foreign Minister Li Zhaoxing arrived in Myanmar on July 27 for a one-day official visit, for the purpose of straightening ties between both sides. Li visited Prime Minister General Soe Win during his short stay.

July 28 "The Philippines and Malaysia launch joint navy exercise" (Xinhua)

The Philippines and Malaysia began conducting two-week exercise in the Philippine waters on July 28. The exercise, named MALPHILAUT 8/2005 is aimed at enhancing mutual cooperation in fighting with piracy and smuggling.

1.4 Resources and Environment

July 4 "China/ Vietnam/ Philippines to conduct joint exploration" (Xinhua)

China, Vietnam and the Philippines agreed to conduct a joint exploitation promotion of disputed areas in the South China Sea on July 4. This agreement was reached on the sidelines of the second summit of the Greater Mekong Subregion (GMS).

July 14 "Japanese Govt granted Japanese oil firm test-drill rights in East China Sea" (Asahi Shimbun)

Japanese Ministry of Economy, Trade and Industry has granted a Japanese oil company, Teikoku Oil, test-drill rights in the disputed East China Sea on July 14. In the waters of East China Sea, oil gas resources lie under the ground along the intermediate line of exclusive economic zone (EEZ) where Japan has long claimed its territorial rights. China has already been drilling within the area where it claims Chinese side. Japanese government is currently concerned that China may be proceeding drilling beyond what Japan considers the borderline. Teikoku will not be able to launch drilling immediately because of a strong protest from Chinese side.

July 16 "Japan gives names to fields in the East China Sea" (Sankei Shimbun)

Japanese Ministry of Economy, Trade and Industry gave Japanese names to three oil and gas fields in the East China Sea which originally had Chinese names. The fields were respectively named as “Shirakaba”, “Kusunoki”, and “Kikyou”.

July 20 "China and US to conduct joint patrol in North Pacific" (Xinhua)

The US and China concluded a joint fisheries patrol in the north Pacific for the purpose of inspecting the fishing boats conducting large-scale drift net fishing. Both sides agreed to continue the multilevel cooperation. Two patrol boats from China and a coast-guard patrol boat from the US were dispatched.

July 21 "Beijing faces serious power shortage" (NY Times)

According to the Beijing officials, the city set the highest power consumption than ever, as Beijing citizens have faced serious temperature rise. Over 33 percent of the consumption is attributed to the use of air conditioning purpose. The government's new policy to reduce electrical consumption has so far affected 15 million people and many workers have been forced to change their work hours, as well.

2. Intelligence Assessment

Amid growing concerns over the expansion of Chinese military power, the US government released annual report on Chinese military power in July 2005.

In part 1 of this chapter, we analyze how Chinese military power, particularly sea and air power, will have an impact on US-China relationship and Japanese sea lanes. There are remarkable steps between the US and two emerging powers, China and India this month (July). Talks between the US and India held by both leaders aiming at strengthen strategic relationship gave the impression to the world that India has been increasing its presence in the Southeast Asia region.

China is also developing effective diplomacy with South and Central Asian countries together with Russia.

In part 2, we break down the implications of a series of Chinese vigorous movements.

In part 3, we take up the topic of the current movement of the navies, mainly Chinese and Indian, in the Indian Ocean. In addition to the modernization of military forces, energy policy lays behind the Chinese movements in the Central Asia and Indian Ocean. From now, Japan has to keep an eye on these Chinese movements in light of securing the sea lane which has inseparably-linked to energy policy.

2.1 Modernization of Chinese military power

Since early this year, there has been mounting concerns among the US officials over the directionality, nature, and scale of recent growing Chinese military power. In fact, the US Defense Secretary Donald Rumsfeld touched on the topic of the China's increasing military power at Asia Security Dialogue (also known as Shangri-La Dialogue) held at Singapore on June 4th, stating China has the third largest military budget in the world next to the US and Russia, and has the largest budget in Asia. He also raised questions that why China has been strengthening its military power, buying weapons from other countries, and keeping its military deployments in spite the fact that currently no nation threatens China. Likewise, Condoleezza Rice, the US Secretary of State made a comment at a press interview in Beijing on July10, "the US officials have a mounting concern over the large scale augmentation of Chinese forces and its fast-pace. Although, this doesn't mean we regard China as a threat, we have an eye to its movements."

In common strategic objectives agreed at the US-Japan Security Consultative Committee held on February 19, the both sides encouraged China the peaceful resolution of issues regarding the Taiwan Strait through dialogue and the improvement of the transparency of its military affairs.

“Annual Report to Congress: The Military Power of the People’s Republic of China 2005” published by the US Defense Department on July 19 reflects the above apprehensiveness of Washington. This annual report has been revised since 1997 and this year’s one is the 4th version since Bush’s taking office. In the report, there are some statements about the trends of the Chinese military, in particular, the modernization of sea and air power. Meanwhile, China firmly opposed to such statements claiming it would fuel unnecessary fears of the world.

First and foremost, tackling the Taiwan-Strait issue is the first motivation of the modernization of its military. China has not excluded the possibility of use of force to prevent Taiwan from its independence. Anti-Secession Law consisting of 10 sections was passed at China’s National People’s Congress on March 14 aiming at establishing legal foundation to justify a use of force. According to the report, China has continued to deploy its state-of-the-art weapon systems to the regions opposite Taiwan. As a result, the cross-strait military balance is shifting to China’s upper-hand so far.

More noteworthy are its rapid modernization of missile forces. As many as 650 to 730 mobile short-range ballistic missiles (SRBMs) have been deployed to military posts opposite Taiwan and deployment is increasing at a rate of 100 per year. Moreover, range and accuracy of these missiles have been improved. It seems China intends to use these ballistic missiles for anti-access or sea-denial mission purposes.

China’s naval forces have 64 major surface combatants, 55 attack submarines, over 40 medium and heavy amphibious lift vessels, and about 50 coastal missile patrol craft. Out of them, two-thirds are currently deployed to Taiwan-strait and the sea fleets east and south of the straits. Additionally, as new platform, China deploys two Russian-made SOVREMENNY class guided missile destroyers (DDG), increases the production of its SONG-class diesel electric submarine, and plans launching the Type 093, China’s next generation nuclear attack submarine.

As for China’s air power, currently more than 700 unrefueled range aircrafts are deployed in opposite Taiwan. China is also expected to continue purchasing advanced fighter aircraft from Russia. It appears these are one of China’s plans to intensify its air power.

China’s such military modernization in missile and air and sea power means the expansion of China’s reaches of military operations in waters. The report says “Current trends in China’s military modernization could provide China with a force capable of prosecuting a range of military operations in Asia – well beyond Taiwan – potentially posing a credible threat to modern militaries operating in the region.”

China’s such trends will have great significance for Japan and the US security.

However, for China, Taiwan is not the only reason to motivate China’s military

modernization. The other reason is energy issue: In 2003, China became the world's second largest consumer and third largest importer of oil. Besides, China began the process of constructing a strategic petroleum reserve (SPR) in 2004.

China currently imports over 40 percent of its oil. This figure could be 80 percent by 2025. China's current strategy and policy formulation largely reflects its high dependency, which urges China to accelerate expanding its procurement of natural resources from Angola, Central Asia, Indonesia, the Middle East (including Iran), Russia, Sudan, and Venezuela as well as increasing investment of both the military presence overseas and naval forces in order to defend China's sea lane. Also, it is pointed out that China's keen interest in such resources is the main cause of the increasing tension with Japan in the East China Sea.

Currently, approximately 80 percent of China's oil imports pass through the Malacca Straits. In this regard, The Washington Times on June 26, with citing the estimates of the Office of Net Assessment, the US Defense Department, states as follows: (1) China believes the US already controls the sea lanes from the Malacca Straits through the Persian Gulf area and China calls this strategic vulnerability "Malacca Dilemma", as the US-dominated straits would disturb China's energy supply. (2) To handle this dilemma, China adopted a strategy called "a string of pearls" that takes both offensive and defensive measures along the oil-shipment sea lanes from coast of China to the Middle East. The "pearls" include the Chinese-financed seaport where is currently under construction at Gwadar on the coast of western Pakistan, and commercial and military efforts to build bases or diplomatic ties in Bangladesh, Myanmar, Cambodia, Thailand and disputed islands in the South China Sea. Needless to say, it is vital for Japan, having high dependence on oil to Middle East, to assure security of long-range sea lanes from Middle East through Indian Ocean and South China Sea. As is pointed out in the report, from the view point of China's current military trends, South China Sea will play a significant role as a strategic zone of sea lanes and potential energy resources in the future. If you get a bird's-eye view of South China Sea, it shapes like a stomach and it can be said this sea area is a virtual encircled sea. In this regards, safety of each gateway channel of South China Sea, such as the Malacca Straits, Strait Sunda, Strait Lombok, Bashi Channel, and Taiwan Strait should be secured.

In addition to long-period China-Taiwan conflicts, there are several territorial disputes involving China and its neighbour countries, as shown in Spratly Islands and Paracel Islands in the South China Sea. What's more, China hasn't excluded the possibility of the use of its military forces against these disputes so far. Accordingly, as the report points out, preventive measures against regional conflicts and the presence of the US naval force in this water are critical to keep the sea lanes safe, although currently Chinese navy's threat is not as serious because of China's limited organic air defense capability.

Meanwhile, from the standpoint of the Sino-US relationship, what we can gather from

Chinese growing military power, especially the modernization of sea and air power is significant. Geopolitically speaking, Sino-US relation is compared to a global maritime power and a continental power that sandwich Pacific Ocean, and this relation is characterized as US dominance of maritime Asia and Chinese dominance of mainland Asia, which is considered to be basically stable structure as long as both sides respect each other's sphere of influence geographically separated by water. Accordingly, Chinese forces' proceeding further to Asian ocean appears to be the provocative developments against the US's sphere of influence. On the other hand, the following US's behaviors appear to be the provocative developments against China's superiority in mainland, especially Central Asia: one is the development of the rapid response capability to the southern fringe of the Eurasian continent, the so-called "arc of instability", which is a measure by Bush Administration's the Global Posture Review, and the other is US military presence in Central Asia realized in the course of winning international cooperation for the war on terrorism in Afghanistan.

As a result, China has been encircled by the US military presence stationed both in waters and at Central Asia. By these movements, it can be presumed that Sino-US disputes involving their sphere of influence will be aggravated in the future. As stated in part 2, this sign was already seen between India and Central Asia on July.

Likewise, Japan has concerned about Chinese current vigorous maritime activities. On August 2, "Defense of Japan 2005 White Paper" was announced with the approval by the cabinet. The paper indicates the recent maritime activities by Chinese vessels in waters near Japan, like the one caused by a submerged Chinese nuclear powered submarine that intruded into Japan's territorial waters November 2004. In addition, there are several other concerns over Chinese maritime activities such as conducting maritime research within Japan's exclusive economic zone (EEZ), the exploration for natural resources near the intermediate line between China and Japan, and strengthening of Spratly and Paracel Island in the South China Sea where are the bases of operations for China. The paper states in addition to the fact that China aims at enhancing its operational capability by expanding the space for offshore defensive operations, China focuses on building a so-called blue-water navy in the future. Thus, to monitor Chinese movements is on the key agenda for Japanese security policy from here on.

2.2 Development of US-India relation and Chinese response

The US, having forged close relationship with Pakistan through fighting global war on terrorism, is developing new partnership with India. Indian Prime Minister Manmohan Singh and the US President George W. Bush signed a joint statement on reinforcing their strategic partnership in Washington on July 18. Here, the fact that the US's intention to provide civilian

nuclear technology for India is worth noting. Bush offered full cooperation in achieving nuclear power for civil use, adding that India has committed itself to preventing WMD proliferation, it is a responsible nation having advanced nuclear technology, and it should receive the same benefits like other such nations.

At the moment, India is effectively a nuclear power and is non-NPT (Nuclear Non-Proliferation Treaty) member. And in this agreement, there are certain conditions imposed on India which regarding civil use of nuclear energy. Considering these factors, however, the US attitude towards India proves that Bush Administration thinks a great deal of the future US-India relationship. This issue will also stir up controversy at the US congress deliberation. As well, it is worthy of remark that how the new Indo-American relationship would affect Iran and North Korea in the future.

A New Framework for the US-India Defense Relationship was agreed by Indian Defense Minister Pranab Mukherjee and the US Defense Secretary Donald Rumsfeld at a presummit meeting held on June 28. This is a more comprehensive agreement compared to the one signed in 1995. Although a nuclear test carried out by India in 1998 worsened US-India relations once, both sides began straightening a strategic partnership again since 9/11 attack. In a new framework, a guideline for the US-India defense relationship for the next 10 years was adopted focusing on enhancing cooperation in the areas of joint production of weapon system and military technology. They also signed a Letter of Acceptance on the US naval training support to the Indian pilots to use the new aircraft carrier and on deployment of liaison military officers in the Pacific Command and Central Command. It will draw keen attention how the future US-India military cooperation would have an impact on the India's conventional weaponry system that India has long purchased its key weapons from Russia.

At the same time, the development of US-India relations will cast new light on Southeast Asia region. Some related parties point out behind the recent US-India closer ties is the fact that the presence of the rapid modernization of China's military power.

The US focused attention to strategic counterweight of China which was at odds with Russia during the Cold War and has maintained Sino-US strategic alliance through the efforts to improve relations since 1970's. However, as stated in the part 1, given the "feud" aspect between US and China, building close US-India ties will have a certain strategic value for the US. Such Sino-US strategic alliance had contributed a lot to deter Russia when aggravated China-Russia relations after the 1970's made both countries mobilized the large portion of their military forces to the inside of Eurasia continent, and the US had also admitted the fact. On the other hand, the US seems unable to make such a direct impact because of the ongoing Sino-India relationship.

Sino-India relation is not like the Sino-Russia confrontation during the Cold War. China and

India have developed closer cooperative ties mainly to bolster the economy. Both countries have held a conference for resolving the border dispute. And they agreed to establish strategic partnership for peace and prosperity on April 11. The US said the growing US-India partnership is not intended as a strategic countermeasure to China, nor directed at any third country. Indian Prime Minister Singh also stated such US-India tie doesn't affect any relationships with his neighbor countries, China and Pakistan.

China has also actively developed its foreign policy with Russia and the Central Asian countries. Chinese President Hu Jintao and Russian President Vladimir Putin signed the Joint Statement of the People's Republic of China and Russian Federation Regarding the International Order of the 21st Century in Moscow on July 1. Two sides signed a protocol about Long-term Energy Cooperation and called for creating a new world order substitute for the current US hegemony. Both countries are expected to conduct a major joint military exercise at near Russia's Pacific Fleet headquarters at Vladivostok and the Yellow Sea and the area off the Jiaodong peninsula in eastern China's Shandong province.

In the meanwhile, the member of Shanghai Cooperation Organization (SCO) which is composed of China, Russia, and four-Central Asian countries—Uzbekistan, Kazakhstan, Kyrgyzstan, and Tajikistan—held a summit at Astana, the capital of Kazakhstan on July 5. In a joint statement, the members said they would approve the participants of Iran, India and Pakistan as observers. Furthermore, they called for the US-led forces in Afghanistan to set the date of withdrawal from Afghanistan and the base of Uzbekistan and Kyrgyzstan. If the US troops are practically forced to withdraw from these regions, it will not only affect their anti terrorism operation in Afghanistan, but will make it more difficult for them to be promptly alerted to the region called “arc of instability”.

According to the US Defense Department, on July 15 Uzbekistan already asked the US to limit the use of the Uzbek air base, and on July 29 urged to leave the US air base within 180days. On the other hand, Tajikistan and Kyrgyzstan expressed their support for the US secretary of defense Donald Rumsfeld who visited two countries on July 26 and approved the use of their bases on a continuous basis.

The Pentagon's annual report on Chinese military power published by the US Defense Department last year states “while seeing opportunities for cooperation with the United States emerging from the global war on terrorism, China's leaders appear to have concluded that the net effect of the US-led campaign has been further encirclement of China, specifically by placing US military forces in Central Asia, strengthening US defense relations with Pakistan, India, and Japan, and returning the US military to Southeast Asia” (there are no such statements in the above-cited latest edition of 2005 report). These Chinese movements liaison with Russia and the Central Asian countries seem to be China's countermeasure against such “encirclement”. It is anticipated that the antagonism among the US, China and Russia will aggravate in the future,

which is often compared to the second “Great Game”— the Russian Empire and the United Kingdom fight for supremacy occurred about more than one hundred and fifty years ago.

2.3 Movements of China and India in the Indian Ocean

In the Indian Ocean in July 2005, there was a notable report on Chinese and Indian navies. According to the article titled “India’s Project Seabird and the Indian Ocean’s Balance of Power” from The Power and Internet News Report (PINR) on July 20, Indian naval base INS Kadamba is currently under construction in Karwar Karnataka under the Project Seabird. This base will defend Arabian Sea-front. Kadamba base will become the third largest naval base in India next to Mumbai and Visakhapatnam, and it will be the first base solely operated by Indian navy. Initially 11 ships, then 22 ships around 2007, and ultimately 42 ships and submarines can be berthed after its completion.

As described in the part 1, China has financially supported the construction of Gwadar port on the coast of western Pakistan. PINR states that Gwadar is the vital place for China not only to secure its oil route but to put break on the movements of the US and Indian navies.

In addition, China is currently building a port at Dawei, Myanmar. The Dawei port is located in the strategically significant point where the Andaman and the Nicobar islands can be overlooked. And both islands are connected to the gateway of the Malacca Straits.

Although at this moment it appears to be impossible for Chinese naval forces to maintain their presence in the Indian Ocean, disputes in the waters between China and India can be predicted at any time. It is worthy of attention that in the future, how these Chinese trends will have an impact on both the presence of the US in the region and the Japanese sea lanes.

Another remarkable issue is a good-will visit of Indian naval fleet to Indonesia, Malaysia, and Singapore at the end of July.

The Jakarta Post in July 29 states that this visit is a historic event since the former President, Nehru’s visit to Southeast Asia in 1950. Asked how this time’s visit is interpreted, the Post said: (1) While China and India have deepened their mutual cooperative relations, they have fought over the access of energy resources. Both countries have had efforts to enhancing each other’s sphere of influence, as well. (2) Given the fact that intraregional balance in the littoral states region has been changing, or that India has strengthened ties with the US, it is a good opportunity for the Indonesia to bolster cooperative relations with India.

According to the newspaper, this event was taken place around the same time that Indonesian President Yudhoyono visited China for expanding the friendly cooperation. it also stated that this implies Indonesia should be smart and prompt in planning and implementing the political or military strategies for enhancing its national benefits.

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